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Search Criteria

Category:

Charts:

States: **All States**

Keyword: **extended warranties**

Chart Name: **Extended Warranties-Applicability to Sales Tax**

Chart Description: The Extended Warranties-Applicability to Sales Tax Chart identifies jurisdictions with sales tax provisions that apply to extended warranties (or extended service contracts). It also indicates whether the sales tax applies to the warranty contract itself as well as to deductibles charges and the amounts that are charged for labor or parts.

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Chart Notes:

- L1: No sales tax when warranty work is performed by a dealer for repairs or services under an extended warranty sold to the customer by the dealer.
- L2: Charges must be stated separately.
- L3: Extended warranty plans issued by an insurance company regulated by the insurance department are "insurance transactions" and are not subject to sales and use tax.
- L4: They are taxable unless the repairs are performed by someone other than the retailer.
- L5: Gross receipts tax, which may be passed along to consumer similar to sales tax.
- L6: When a person other than the warrantor makes a repair for the warrantor.

Alabama

Citation AL ST s 40-23-4 (L1), AL ST s 40-23-62, AL ADC 810-6-1-.186.05 (L3)

Contract No

Labor Yes

Parts Yes

Deductible No Provision

Notes: N/A

Alaska

Citation	No State Sales Tax
Contract	N/A
Labor	N/A
Parts	N/A
Deductible	N/A
Notes:	N/A

Arizona

Citation	AZ ST 42-5061
Contract	No
Labor	No
Parts	Yes
Deductible	No provision
Notes:	N/A

Arkansas

Citation	AR ST 26-52-301, AR ADC 006.005-212-GR-9
Contract	Yes
Labor	No
Parts	No
Deductible	No provision
Notes:	N/A

California

Citation	18 CA ADC s 1655
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Contract	No
Labor	No
Parts	Yes
Deductible	Yes
Notes:	N/A

Colorado

Citation	1 CO ADC 201-4:39-26-105.2
Contract	No
Labor	No
Parts	Yes
Deductible	No provision
Notes:	N/A

Connecticut

Citation	CT ADC 12-407(2)(i)(DD)-1
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

Delaware

Citation	No State Sales Tax
Contract	N/A
Labor	N/A

Parts	N/A
Deductible	N/A
Notes:	N/A

District Of Columbia

Citation	DC ST s 47-2001
Contract	Yes
Labor	Yes
Parts	Yes
Deductible	No provision
Notes:	N/A

Florida

Citation	FL ST s 212.0506
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

Georgia

Citation	GA ADC 560-12-2-.78, <i>Strickland v. Sperry Rand Corp.</i> (285 S.E. 2d 1)
Contract	No
Labor	No
Parts	Yes
Deductible	Yes

Notes: N/A

Hawaii

Citation HI ST s 237-13, Tax Information Release 2009-02 (June 15, 2009), Tax Facts 2000-1

Contract Yes (L6)

Labor Yes

Parts Yes

Deductible No

Notes: N/A

Idaho

Citation ID ADC 35.01.02.049

Contract No

Labor No

Parts Yes

Deductible Yes

Notes: N/A

Illinois

Citation 86 IL ADC 140.141; 86 IL ADC 140.301; Illinois Department of Revenue (e-mail), 02/02/2017; Illinois Department of Revenue Private Letter Ruling No. ST 07-0095-GIL (July 16, 2007), Repairs

Contract No

Labor No

Parts No

Deductible No

Notes: N/A

Indiana

Citation	Dept. of Revenue Information Bulletin #2, Sales Tax, March 1, 2013
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Contract	No
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Labor	No
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Parts	No ¹
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Deductible	No
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Notes:	¹ The service provider must pay sales tax on the cost of taxable items, such as tangible personal property, under a contract. If the service provider charges a separate amount for parts or other taxable items, the provider should purchase the items exempt for resale and charge sales tax to the consumer. The Indiana Department of Revenue (DOR) explains the applicability of the sales tax in a hypothetical where a home warranty service company sells a warranty to a customer. In the example, the DOR indicates that the warranty contract entitles the customer to service and parts at no charge or in conjunction with a deductible in the event of a breakdown of covered items. The sale of the warranty contract is not subject to sales tax. The service provider would pay sales or use tax on the cost of all taxable items used under the contract.
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Iowa

Citation	IA ADC 701-18.25(422,423)
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Contract	Yes
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Labor	No
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Parts	No
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Deductible	No provision
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Notes:	N/A
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Kansas

Citation	KS ADC 92-19-62
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Contract	Yes
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Labor	No
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Parts	No
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Deductible Yes

Notes: N/A

Kentucky

Citation KY ST s 139.010, KY ST s 139.200, 103 KY ADC 27:150

Contract Yes

Labor Yes

Parts Yes

Deductible Yes

Notes: N/A

Louisiana

Citation 61 LA ADC Pt I, s 4301

Contract No

Labor Yes

Parts Yes

Deductible Yes

Notes: N/A

Maine

Citation Maine Revenue Services Sales, Fuel, and Special Tax Division Instructional Bulletin Nos. 24, 39, and 53; 36 ME ST s 1752(14)(B)(4); 36 ME ST s 1752(17-B)

Contract Yes, for extended warranties for automobiles²;
No, for items other than automobiles³

Labor No for automobiles and items other than automobiles

Parts No, for automobiles⁴; Yes, for items other than automobiles⁵

Deductible Yes⁶

Notes:

² In Maine, an extended warranty for an automobile that entitles the purchaser to specific benefits in the service of the automobile for a specific duration is a taxable service.

³ In Maine, an extended warranty for an item other than an automobile is considered an "insurance policy" against the possible future loss of or damage to an item. Thus, it is not tangible personal property and is not subject to sales tax.

⁴ In the case of extended warranties for automobiles in Maine, parts associated with repairs are not taxable to either the dealer or the customer since the parts are considered to have been included in the original price of the extended warranty.

⁵ In Maine, parts associated with repairs made pursuant to an extended warranty for items other than automobiles are subject to sales tax to the warrantor, even if the warranty repair is being performed for a customer that is an exempt entity. If the customer is liable for all or a portion of the repair, the retailer performing the repair work must charge sales tax to the customer on the portion attributable to repair parts.

⁶ In Maine, in the case of an extended warranty for an automobile, if the warranty provides for a deductible to be paid by the customer at the time of repair or maintenance, the amount paid by the customer is first applied to non-taxable labor. If the deductible exceeds the amount charged for labor, the remaining amount will be applied to parts, on which the customer would have to pay sales tax.

Maryland

Citation MD ADC 03.06.01.03

Contract No

Labor No

Parts Yes

Deductible Yes

Notes: N/A

Massachusetts

Citation 830 MA ADC 64H.1.1

Contract No

Labor No

Parts Yes

Deductible Yes

Notes: N/A

Michigan

Citation MI ST s 205.51

Contract No (L2)

Labor No

Parts Yes

Deductible Yes

Notes: N/A

Minnesota

Citation Dept. of Rev. Sales Tax Fact Sheets 125 & 131

Contract No

Labor No

Parts Yes

Deductible Yes

Notes: N/A

Mississippi

Citation MS ADC 35-IV-11.02

Contract No

Labor Yes

Parts Yes

Deductible Yes

Notes: N/A

Missouri

Citation 12 MO ADC 10-103.600

Contract No (L2)

Labor No

Parts Yes

Deductible N/A

Notes: N/A

Montana

Citation No State Sales Tax

Contract N/A

Labor N/A

Parts N/A

Deductible N/A

Notes: N/A

Nebraska

Citation NE ST s 77-2703, 316 NE ADC Ch. 1, s 074

Contract Yes

Labor No

Parts No

Deductible Yes

Notes: N/A

Nevada

Citation NV ST s 372.025, NV ADC 372.460, NV Tax Notes No. 151 (July 2005)⁷

Contract	No (L2)
Labor	No
Parts	No ⁸
Deductible	No provision
Notes:	<p>⁷In Nevada, an optional warranty (extended warranty or maintenance contract) sold separately from the sale of tangible personal property, is not subject to sales tax; however, the dealership is responsible for use tax on the parts and materials used in repairing the vehicle.</p> <p>⁸According to the Nevada Department of Taxation, if the sale of the warranty was taxed at the time of the sale then the parts would not be taxable. If the warranty was sold separately and not taxed, then the dealership is responsible for the “use” tax on the parts. For additional information, refer to the warranties section of page 3 of Issue No. 151 of the “Nevada Tax Notes” publication.</p>

New Hampshire

Citation	No State Sales Tax
Contract	N/A
Labor	N/A
Parts	N/A
Deductible	N/A
Notes:	N/A

New Jersey

Citation	NJ ADC 18:24-7.5, Auto Repair Shops & New Jersey Sales Tax, Publication ANJ-6, August 2009
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

New Mexico

Citation	NM ADC 3.2.109, NM ADC 3.2.205, NM ADC 3.2.1
Contract	No
Labor	Yes (L5)
Parts	Yes
Deductible	Yes
Notes:	N/A

New York

Citation	20 NY ADC 527.5
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

North Carolina

Citation	17 NC ADC 7B.0801, Sales & Use Tax Tech. Bull. 41-1, NC ST s 105-164.4(a)(11), Directive SD-13-5
Contract	Yes (for amounts received after January 1, 2014)
Labor	No (as long as the costs are separately stated)
Parts	Yes (if the purchaser of the service contract is charged)
Deductible	No
Notes:	N/A

North Dakota

Citation	Sales & Special Tax Guideline; Repair Services, February 2005, Tax Commr Sales Tax Newsletter, 3/99, ND ADC 81-04.1-01-22
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Contract	No (L2)
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Labor	No
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Parts	Yes
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Deductible	Yes
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Notes:	N/A
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Ohio

Citation	OH ST s 5739.02(B)(42)(K)
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Contract	Yes
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Labor	No
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Parts	No
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Deductible	Yes
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Notes:	N/A
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Oklahoma

Citation	OK ADC 710:65-19-365
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Contract	No
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Labor	No
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Parts	Yes
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Deductible	No provision
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Notes:	N/A
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Oregon

Citation	No State Sales Tax
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Contract	N/A
Labor	N/A
Parts	N/A
Deductible	N/A
Notes:	N/A

Pennsylvania

Citation	61 PA ADC s 31.5, RIA SUT –00-048
Contract	Yes
Labor	No
Parts	No
Deductible	No
Notes:	N/A

Rhode Island

Citation	RI ADC 20-70-2.3
Contract	No (L2)
Labor	No
Parts	Yes
Deductible	Yes
Notes:	N/A

South Carolina

Citation	SC ST s 12-36-2120, SC ADC 117-318
Contract	No
Labor	No

Parts	Yes
Deductible	No provision
Notes:	N/A

South Dakota

Citation	SD ST 10-45-11.1
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

Tennessee

Citation	TN ST s 67-6-324
Contract	Yes
Labor	No
Parts	No
Deductible	No provision
Notes:	N/A

Texas

Citation	34 TX ADC s 3.292, Motor Vehicle Repairs 94-113, September 2003
Contract	Yes
Labor	No
Parts	Yes
Deductible	No provision

Notes: N/A

Utah

Citation UT ADC R865-19S

Contract Yes

Labor No

Parts No

Deductible Yes

Notes: N/A

Vermont

Citation VT ST T. 32 s 9771, VT ST T. 32 s 9701(4), VT Technical Bulletin 58 (January 3, 2011)

Contract No

Labor No

Parts Yes

Deductible No provision

Notes: N/A

Virginia

Citation VA ST s 58.1-609.5, 23 VA ADC 10-210-910, Ruling of the Tax Commissioner 87-275 (December 23, 1987), Ruling of the Tax Commissioner 88-210 (August 26, 1988)

Contract Yes (L3)

Labor No

Parts No

Deductible No

Notes: N/A

Washington

Citation	WA ADC s 458-20-257
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

West Virginia

Citation	WV ST s 11-15-9
Contract	Yes
Labor	No
Parts	No
Deductible	Yes
Notes:	N/A

Wisconsin

Citation	WI ADC s Tax 11.27
Contract	Yes
Labor	Yes (L4)
Parts	Yes (L4)
Deductible	Yes
Notes:	N/A

Wyoming

Citation	WY ADC REV ET ch. 2 s 13 (dd) and (nn)
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Contract	No
Labor	Yes
Parts	Yes
Deductible	No provision
Notes:	N/A

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